The Child Care Challenge for Canadians

A Brief Submitted to the Special Committee on Child Care by the Government of Manitoba

Manitoba
June 1986

Manitoba

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EXECUTIVE SUMMARY

The submission of the government of Manitoba to the Special Committee on Child Care recommends replacement of the Canada Assistance Plan, which is the current federal-provincial cost sharing legislation for child care services, with a new national day care Act to provide federal leadership in encouraging provincial development of a high quality and greatly expanded child care system. Model national legislation has been drafted by Manitoba, and the basis for the provisions of this proposed Act are outlined in detail in the submission.

Child care must be recognized by all governments as an essential service for Canadian families. The three major child care issues which need to be addressed by both federal and provincial governments therefore relate to how best to expand current services, not whether there needs to be an expansion. These three issues are the:

Accessibility of care

- services must be available in sufficient quantity and in various types (centres, homes, work-site, and community-based) to meet the immediate and developing need;
- services must be equally available geographically to meet the needs of rural and remote communities;
- children with special needs require support to ensure their integration at an early age;

Affordability of care

- families must have equal access to the available care through direct assistance with fees;
- sufficiently low fees must be charged to ensure that access is not discouraged for non-subsidized families;
- more progressive recognition of child care expenses in the income tax system is required for families in both the subsidized and non-subsidized child care systems;

Quality of care

- standards which promote positive developmental care must be in place throughout Canada, together with a system of accountability by child care providers and adequate enforcement of standards;
- child care workers need to be adequately trained and appropriately compensated for their labours.

The Manitoba government recommends to the Special Committee on Child Care that Manitoba's approach to achieving these three objectives be used as a model for Canada. The highlights of this proposal are:

Accessibility:

- that a target of expanding services to meet 50 per cent of the national need for care within 10 years be adopted;
- that a full range of services be supported to permit both day care homes and day care centres to be available for children from birth to 12 years in both urban and rural communities;
- that revised federal cost sharing enable poorer provinces to develop an equitable level of service;
- that extra funding support the integration of children with disabilities or special needs in community-based day care facilities.

Affordability:

- that parent fees continue to be supported by incomes tested subsidies for lower income families;
- that direct fully cost shared government grants to licensed non-profit day care centres and homes keep parent fees at a reasonable level;
- that the income tax system be modified to allow families to be compensated for child care expenses through a progressive means, such as a child care tax credit;

Quality:

- that minimum provincial standards which incorporate recent research findings be established as a condition of cost sharing;
- that public funds be limited to non-profit day care facilities to ensure adequate parent involvement and control of child care centres;
- that a capital resources fund and a research and evaluation fund be federally financed for a 10 year period of rapid development of child care.

I. INTRODUCTION

The Special Committee on Child Care is unique. It is the first time Members of Parliament have been specifically charged with the responsibility of looking at the increasingly complex and pressing issue of child care. But child care has been the subject of much public debate and research, including previous federal studies by The Royal Commission on the Status of Women in 1970, the more recent Royal Commission on Equality in Employment in 1984, and finally the Cooke Task Force on Child Care in 1986.

There are many Canadians who would have preferred that the present Special Committee would not have been necessary because the nation's child care needs would already have been largely met by now. However, as of yet the government of Canada has not been willing to take action to address the growing child care crisis. We believe this Special Committee was largely unnecessary, since the missing ingredient is not lack of knowledge, rather it is the political will to act. Yet for those who have been involved in child care issues for many years, there are some reasons to hope that the creation of the present Special Committee will finally mark the beginning of effective steps and be the last of the many studies and reports on "What to do about child care". The many questions relating to the financing, quality, and accessibility of child care will have a vehicle to focus national attention upon them. We therefore are optimistic that the work of this Special Committee on Child Care may provide the impetus to move child care issues beyond the recommendation stage and on to some concrete actions.

The members of the Committee must bring to their task a sensitivity to the values, needs, hopes, and fears of different groups in our society. From this diversity of opinion and feelings the Committee must find a means to respond both to the needs expressed by many families for greater access and security in their child care arrangements, and to the fears of others who are concerned about the economic and social consequences of increased government support for child care.

By travelling to all regions of Canada for public hearings the Committee will have the benefit of hearing, first-hand, a rich blend of opinions, facts, personal experiences and recommendations. Very little of the available factual information about child care in Canada will not be presented to the Committee by those appearing at the public hearings and submitting written briefs.

The Manitoba submission to the Committee will therefore be primarily concerned with placing this variety of information into perspective, and thus assisting the Committee in the important task of formulating its conclusions and recommendations.

The terms of reference of the Special Committee must be kept in mind. Its general framework is to examine and report on the future of child care in Canada in the context of the changing needs of the Canadian family. In doing so the Committee has been asked to consider especially:

1) the requirements of children for care in parental and non-parental arrangements and the preferences of parents;

2) the role of the federal government in child care in conjunction with parents, private and voluntary sectors, and other governments; and
3) alternatives for future federal government action, taking into account both the special circumstances of families and the financial implications for the government.

These terms of reference provide the Committee with a sufficiently broad mandate to enable a full and thorough review of the issues and to provide a blueprint for future action to guide Canadian child care policy through the 1990s and into the twenty-first century.

Manitoba's submission to the Committee will first briefly describe the Manitoba day care situation, and then discuss each of the main items in the terms of reference for the Committee under the following headings:

- Family Needs and Preferences for Child Care
- Child Care as a Shared Responsibility
- Access to Care: Proposals for Action

II. THE MANITOBA SITUATION

Manitoba's commitment to child care is well-known. This commitment has been supported by several major developments in recent years, including:

- a new, separate child care statute in 1983, The Community Child Day Care Standards Act, which set out licensing standards which are among the most comprehensive in Canada;
- a day care program budget which has almost tripled in the past five years;
- the second highest level of day care funding of any province in Canada on a per capita basis;
- the second highest per capital number of licensed day care centre and home spaces; and
- the introduction of direct grants to support salary increases for child care workers in provincially-funded day care centres.

To provide the Special Committee on Child Care with a perspective on day care in Manitoba, this section provides a summary of the program structure, the licensing standards, and the funding levels for day care centres and homes in Manitoba.

1. Child Day Care Program Structure and Services

Day care in Manitoba is provided by licensed day care centres or day care homes operated by non-profit community groups or by individuals either on a non-profit or, to a much lesser extent, on a commercial basis. There are no day care services provided by the provincial or municipal governments.

Manitoba Community Services is responsible for administering Child Day Care legislation and funding. A specific day care statute and regulations provide for four types of services through the Department:

- licensing of all day care centres and homes in the province;
- grants to eligible non-profit day care centres and homes to assist in the general operation and to reduce the cost to users;
- subsidies to families using approved non-profit day care centres and homes, with eligibility based on the need for care and the net income of the family;
- resource assistance to licensed day care facilities to improve the quality of care.

A field of staff of approximately 20 day care coordinators is responsible for assisting day care centres and homes meet the licensing requirements, for ongoing monitoring, for public information, and parent referrals. A central Child Day Care office is responsible for developing program standards, planning and budgeting, publications, administration of grants to facilities, and subsidy assessments and payments.

The Community Child Day Care Standards Act and regulations define seven types of day care centres and homes:

- preschool day care centres which provide care for more than 4 consecutive hours to more than 3 children under 2 years of age or more than 5 children 2-6 years of age;
- nursery schools which provide care for less than 4 consecutive hours to more than 3 children under 2 years of age or more than 5 children 2-6 years of age;
- school age day care centres which provide care for more than 8 children 6-12 years of age;
- occasional day care centres which provide care on a casual or itermittent basis for the number and ages of children which would otherwise qualify for day care centre licensing;
- family day care homes in which care is provided for up to 8 children under 12 years, of whom not more than 3 are under 2 years of age, and not more than 5 are under 6 years of age, in the home of the person licensed to provide the care;
- group day care homes in which care is provided for up to 8 children under 12 years, of whom not more than 3 are under 2 years of age, and not more than 5 are under 6 years of age, in the home of the person licensed to provide the care; and
- private home day care in which care is provided to not more than 4 children under 12 years, of whom not more than 2 are under 2 years of age, and for which a licence is optional.

As of March 31, 1986 the followng number of licensed spaces were available in these categories:

Category	Provincially Funded	Non-Funded	Total
Full Time Preschool Day Care Centres	4,760	1,323	6,083
Nursery School	1,707	2,579	4,286
School Age Day Care Centre	2,012	210	2,222
Occasional Day Centre	-	106	106
Group Day Care Home	-	34	34
Family Day Care Home	1,303	191	1,494
Private Home Day Care	-	2	2
Totals	9,782	4,445	14,227

2. Licensing Standards

Comprehensive licensing standards were introduced in Manitoba in 1983. While the actual standards are too detailed to be described fully here, it is important to note that three principles are outlined in the Act which guide the provision of child care services:

- every person providing care has a duty to provide an environment conducive to the health, safety, and well-being of the children in care;
- every person providing care must provide a program of activities to promote the overall physical, social, emotional, and intellectual development of the children in care; and
- parents have the right of access to their child at any time the child is receiving care, and parent involvement must be provided for in day care centres.

The key areas of specific requirements included in licensing regulations for day care centres are:

Staff Qualifications

A five-year phase-in period was established in 1983 which would require before the end of 1988 that:

- a preschool day care centre director have two years of child care training plus one year of child care experience;
- two-thirds of child care workers in a preschool day care centre have two years of child care training, or the equivalent; and
- one-half of the child care staff in school age day care centres have completed two years of child care training or the equivalent.

Staff/Child Ratios and Group Sizes

Consistent with the most recent day care research, the following staff/child ratios and maximum group sizes for children are in effect:

Age of Child	Ratio	Maximum Group Size
12 weeks - 2 years	1 : 4	8
2 years - 6 years	1 : 8	16
6 years - 12 years	1 : 15	30

Space

A minimum of 3.3 square meters of free and useable play space is required, and access to 7 square meters of outdoor play space per child is specified.

Daily Progam

Each day care centre is required to provide a balanced program which allows for daily:

- individual and small group activity;
- large and small muscle activity;
- cognitive, language and social activity; and
- child initiated and adult initiated activity

All physical punishment is prohibited in day care centres and homes.

Play equipment must be provided which is:

- consistent with the developmental activities of children;
- accessible for independent use by children;
- available in quantity and variety to occupy all children; and
- arranged in a way to facilitate, rather than interfere with, small group interactions.

Additional standards outline licensing requirements for nutrition, health, fire safety, and other basic ingredients for the physical care of young children.

3. Manitoba Child Day Care Funding

Manitoba child day care funding is, with minor exeption, made only to non-profit day care centres or licensed family day care homes. There is no municipal funding provided for day care operations in Manitoba.

Child Day Care funding in Manitoba is in two forms:

- subsidies paid to eligible facilities on behalf of families who qualify under an incomes test; and
- direct grants to day care faacilities to reduce the cost of care to all families.

A. Subsidies

Subsidies are available if families demonstrate a social need for day care, such as employment, education, training, rehabilitation, medical or special needs. For two parent families, both parents must demonstrate one of these needs.

Full subsidy is available to families with a net income below a "turning point", decreases at a certain rate as income increases above the turning point, and ceases at a "break even point". Manitoba applies a 25% rate of contribution on the first portion of family income beyond the turning point (to a point that equals the turning point plus the maximum cost of day care for that family), after which the family contribution increases at a rate of fifty cents on each additional dollar of net income.

The following are examples of subsidy eligibility under the 1985 incomes test for four sample families, using annual net income. "Net income" is defined simply as gross income less income tax, Canada Pension Plan and Unemployment Insurance premiums, and other involuntary deductions.

Family	Full Subsidy Available to (Turning Points)	Partial Subsidy Available to (Break Even Points)
Single Parent, One Child	$ 11,522.00	$ 18,672.00
Single Parent, Two Children	13,658.00	27,958.00
Two Parents, One Child	13,658.00	20,808.00
Two Parents, Two Children	15,794.00	30,094.00

Subsidy payments are made to eligible day care centres and homes on behalf of eligible families every four weeks. Families apply for a subsidy approval for a six month period providing proof of income with their applications. The appropriate day care facility and the family are advised of the family's eligibility for subsidy, and the government portion of the fee is claimed every four weeks by the facility.

Manitoba establishes in regulation the maximum fee that a provincially funded day care centre or home may charge. For 1985-86 this fee is set at a maximum of $12.25 per day per child, of which up to $11.25 is eligible for a subsidy.

The number of Manitoba subsidized families for a four year period is shown below:

Fiscal Year	Number of Subsidized Children
1981 - 1982	3,070
1982 - 1983	3,785
1983 - 1984	4,067
1984 - 1985	4,500

Approximately 75 per cent of subsidized families are single parent families.

B. Grants

Total revenue available to provincially-funded day care centres and homes consists of the maximum allowable daily fee and maximum direct grant payment. Increases in these fee and grant levels are shown on the following page:

Increases in Manitoba Child Day Care
Maximum Daily Fees and
Annual Maintenance Grants
In Full Time Day Care Centres

Fiscal Year	Maximum Daily Subsidized Fees	Maximum Annual Maintenance Grant (per space)
1981 - 1982	$ 8.50	$ 650.00
1982 - 1983	9.50	800.00
1983 - 1984	10.35	870.00
1984 - 1985	11.00	922.00
1985 - 1986	11.25	940.00

Approximately 75% of day care centre revenue is obtained from parent fees, including both subsidized and non-subsidized families. The remaining 25% of day cae centre revenue is obtained from direct government grants.

A "maintenance grant" of up to $940 per licensed space per year (or $3.62 per diem) is provided to assist with centre operating expenditures. Other specialized grants are available for different purposes: audit costs, start-up costs, infants, handicapped children, or physical upgrading.

The two-tier funding structure of fees and grants is intended to keep the fee that all families pay to a reasonably low level, while still assisting the facility in meeting its higher operating costs. The philosophy behind the uniform fee is that such a fee should prevent a ghettoization effect which could result if day care centers in more affluent areas were able to charge higher fees than other centres.

In addition, effective January 1986, a Salary Enhancement Grant was introduced. This grant will be paid directly to non-profit provincially funded day care centres in the amount of $1,300.00 per year for each qualified child care worker employed by the day care centre. The purpose of this grant is to assist in the improvement of day care worker salaries and to encourage child care workers to pursue training.

The maximum levels of the various grants for different types of day care facilities are shown as follows:

DESCRIPTION OF GRANT	PRESCHOOL DAY CARE CENTRES	SCHOOL AGE DAY CARE CENTRES	NURSERY SCHOOLS	FAMILY DAY CARE HOMES
START-UP - a once only grant issued per licensed space.	$ 292	$ 238	$ 238	$ 180
MAINTENANCE - an annual per space grant to assist in general operating costs	940	470	238 470	180
AUDIT - an annual grant to each facility to reimburse the cost of an independent audit	1,000	1,000	708	--
INFANT - a daily grant per infant space to meet additional costs	6.50	--	--	2.20
CHILDREN WITH DISABILITIES				
. Start-up - for once only additional start-up costs of a program for each child with disabilities	541	541	541	--
. Daily grant - for additional costs	9.20	4.60	4.60	4.60
. Staffing - to pay salary costs every four weeks for additional staffing, up to each child	1,622	1,622	1,622	--
. Specialized - annually for training costs	1,500	1,500	750	--
UPGRADING - once only to assist in meeting licensing standards	6,000	6,000	6,000	--
SALARY ENHANCEMENT - an annual supplement to upgrade salaries of each qualified child care worker	1,300	1,300	1,300	--

Approximately 40 per cent of Manitoba's Child Day Care expenditures are eligible for cost sharing under the Canada Assistance Plan. While family subsidies are fully shared at 50 per cent, grants to day care centres and homes are shared only if they are paid on behalf of subsidized families. Of the 1985-86 day care budget of $20,991,000, approximately $1.0 million was for operating and salary costs; approximately $2.0 million for support to agencies administering specialized child care services for families with special needs or children with disabilities; approximately $8.0 million for grants to day care centres and homes; and $10.0 million for subsidies for families.

III. FAMILY NEEDS AND PREFERENCES FOR CHILD CARE

Before examining how best to meet the needs for accessible, affordable, quality child care, it is important to establish some measure of the needs of families and the child care preferences of those families.

1. Family Needs

The child care needs of Canadian families can be gauged from approximately how many children do not have a parent at home to provide care during the day. These estimates have been summarized in the tables published by the National Day Care Information Centre in Health and Welfare Canada. Status of Day Care in Canada (1984) shows four situations, each of which must be read independently from the others.[1]

TABLE 1

Estimates of Number of Children in Need of and Served by Licensed Child Care (1984)

Category of Parent	No. of Children 0-13 yrs	No. of Licensed Child Care Spaces Available	Percentage of Children Served
1. Mothers in labour force	2,452,720	171,654	7.0%
2. Full time working parents	1,366,957	171,654	12.6%
3. Full time working parents plus students	1,469,121	171,654	11.7%
4. Full time working parents, plus students, plus parents working 20-29 hours per week	1,829,276	171,654	9.4%

The four categories are explained in Status of Day Care in Canada as follows:

1. "Mothers in the labour force" includes all mothers, whether they work full time or part time or need child care. This category would tend to overestimate the total unmet need for care.
2. "Full time working parents" includes lone parents who are working full time, and two parent families where both parents are working full time.
3. "Full time working parents plus students" adds to the number identified in the second category all lone parents who are full time students, two parent families where one parent works full time and the other is a full time student, and two parent families where both parents are full time students.
4. The final category adds to the third group all lone parents who work 20-29 hours per week, two parent families where one parent works full time and the other works 20-29 hours per week, two parent families where both parents work 20-29 hours per week, and two parent families where one parent works 20-29 hours a week and the other parent is a full time student.

Estimates were calculated by using data from a special tabulation of the 1981 census, updated to 1984 by the Women's Bureau, Labour Canada.

As these estimates show, only a small proportion of the potential number of children who could need child care actually receive care in licensed child care centres or homes.

The discrepancies shown in Table 1 should be interpreted cautiously. It would be incorrect to assume that all parents of even the lowest estimated category in Table 1 would choose to use licensed child care, even if it was conveniently available to them at a cost that each family found acceptable. Many families would make other choices, such as staggering the shifts of two parents; care by relatives, friends, or neighbours; or in the case of older children, no supervised care.

It would, however, be equally erroneous to assume that the child care needs of these families are being adequately met, or are close to being met, at this time. The waiting lists for subsidized, licensed care in most areas of Canada testify to the unmet need for an expanded child care system, apart from those who have not placed their names on a list because they know the futility of doing so.

In addition to the estimates of need included in Table 1, there are the numerous child care needs of families exclusive of those whose parents are either employed or furthering their education. Child care is used now or could be used by many families to:

- meet the developmental needs of their children;
- meet the need for therapeutic care for children with disabilities;
- provide relief for families under stress or in temporary periods of high need;
- provide child care when required by the health needs of parents;
- allow parents to meet other family obligations or participate in community activities.

Because all four estimates from Status of Day Care in Canada (1984) are approximate or incomplete and there are no other more comprehensive estimates available, we do not know precisely the extent of the need for an expanded formal child care system. Any accurate estimate would depend not only on the numbers of families who could use child care, but on the type of child care system provided to meet those needs, including the important factor of the actual cost to families.

Manitoba has developed a working assumption which has helped define a short term goal for an expanded system of licensed, subsidized care. We have assumed for planning purposes that a licensed and subsidized system of day care centres and homes which provides sufficient capacity to allow the attendance of 50 per cent of the total number of children in need of non-parental child care could be said to meet the current need. This

estimate would of course need to be refined as the target was approached and as more accurate assessments of the number of families who would use the care are developed. It does, however, provide us with a realistic short term target, and it is instructive to apply this assumption to the national estimates of the need for an expanded child care system.

When applied to the gross estimates of child care needs outlined in Status of Day Care in Canada and summarized in Table 1, this 50 per cent assumption would result in the following national targets for the various estimates of the gross need.

TABLE 2

Estimated Number of Child Care Spaces Required to Meet 50 Per Cent of Gross Need

Category of parent	No. of child care spaces to meet 50% of gross needs	Current no. of spaces	No. of spaces to be developed
1. Mothers in the labour force	1,226,360	171,654	1,054,706
2. Full time working parents	683,479	171,654	511,825
3. Full time working parents plus students	734,561	171,654	562,907
4. Full time working parents plus students plus parents working 20-29 hours per week	914,638	171,654	742,984

Given the significant variations in the estimates, it is important which category of total estimated need is actually used in calculating development targets. Manitoba's internal estimates are based on what we feel to be the most realistic of these groupings, or the fourth category of "Full time working parents plus students, plus parents working 20-29 hours per week."

We have also made some further assumptions about the likely utilization of day care spaces for school age children. Based on the available information about parents' preferences many parents of school age children prefer to use private sitter care, and others (especially for children over the age of 9 years) are comfortable with the children caring for themselves. Our adjustment to the figures in Table 2 would be to reduce the estimates of need for the 6-13 age group from 50 per cent to 33 per cent for children 6-9 years of age, and to 16 per cent for children 9-13 years old. This adjustment would result in the following revised national totals for the fourth category of parents in Tables 1 and 2.

Table 3

Estimated Number of Child Care Spaces Based on Various Estimates of Actual Utilization

Age Group	Gross estimate of need	Percentage of adjustment	Net estimate of need	No. of spaces available (1984)	No. of spaces to be developed
Preschool					
0-6 years	575,057	50%	287,529	139,201	148,328
School age					
6-8 years	537,522	33%	177,382	22,564	154,818
9-13 years	716,697	16%	114,672	9,889	104,783
TOTALS	1,829,276		579,583	171,654	407,929

The estimates shown in Table 3 place the task before the federal and provincial governments in a more realistic and more manageable perspective. Of particular note is that the estimate for preschool children provides a target which is only marginally more than double the current national number of spaces. The unmet need for school age care is greater, even based on these adjusted estimates which show the need for an eightfold expansion.

2. Family Preferences

The child care "system" which has emerged over the past 15 years is a varied one. It is a system in the sense that almost all of the children whose parents are not available to care for them for parts of the day are receiving some form of alternate care. Parents have made choices based on the care availiable to them, their financial abilities, and personal preferences. While a full "ecological" study of this system is still to be undertaken, and has been proposed by the National Day Care Research Network, we do have a general idea of the continuum of the present system. It now includes:

- children taking care of themselves (including some preschoolers) which may contravene provincial child welfare legislation;
- care by older siblings;
- parents working different shifts to provide their own child care;
- care by grandparents who live with the families of young children
- care by relatives, neighbours and friends in their homes;
- care by nannies or domestics in children's own homes;
- nursery schools supplemented by other informal and formal care;
- unlicensed day care homes and centres which care for children in excess of the number and ages which would require a licence under provincial law;
- licensed private or commercial day care centres;
- licensed private day care homes;
- licensed and subsidized day care homes; and
- licensed and subsidized non-profit or parent co-operative day care centres.

National data is only available for the four categories of licensed care, which include only 7 to 13 per cent of children estimated to need non-parental child care, if their parents are either involved in the labour force or are students.

The lack of sufficient supply of licensed and subsidized child care has severely restricted parents' choices. It has not been possible for the actual utilization pattern of care to reflect the true preferences of families. The wide variations in the cost and accessibility of the various care arrangements, and the availability of subsidy for some of them, further affects the range of choices actually made for child care.

Information about family preferences for child care therefore becomes an important part of our information about the need for child care. When asked directly about their child care preferences, families' responses will be very much affected by their previous child care experiences, the degree of their knowledge about the options available, the cost, the convenience, and their biases and opinions.

We are fortunate that three Canadian studies have been completed on family child care preferences. Two are localized surveys, one in Toronto in 1977 by Laura C. Johnson, entitled Who Cares? A Report of the Project Child Care Survey of Parents and Their Child Care Arrangements,[2] and the second in Winnipeg in 1984 by Harvey Stevens of the Winnipeg Social Planning Council, entitled Child Care Needs and Priorities in Winnipeg - 1984: A

Report for the Manitoba Child Care Association. [3]

The third and most recent study in this area is a survey of 336 families in selected urban and rural sites across Canada reported in 1985 by Donna S. Lero in Parents' Needs, Preferences, and Concerns About Child Care: Case Studies of 336 Canadian Families.[4]

Only the third study has attempted to obtain national information. While the author cautions that this sample should not be seen as a substitute for a more comprehensive national study, its findings are essential to any current review of the issues.

There are, in fact, important similarities in the findings of all three studies, even though their methods, samples, and purposes were somewhat different. These similarities mean that the individual results can be given considerably more credance than an otherwise isolated or local study might have.

On the question of parent preferences and concerns about the availability of child care services, it is possible to summarize briefly the findings of each of the studies. Johnson reported from her Toronto study that:

- parents gave the highest ranking to quality attributes when asked to rank factors important to them in making their child care arrangements (p. 222);

- 48.8% of parents identified day care centre care as their preference, although only 10% actually used this type of care (p. 225);
- centre care was preferred by 80% of parents for 3 - 5 year olds, and a sitter in a home by 70% for 1 year olds (p. 231);
- compared with users of relative care and day care centre care, users of sitter care were the least satisfied with their arrangements (p. 252);
- half of centre users (49.5%) expressed a high level of satisfaction with their care arrangements, while almost one-quarter (23.7%) expressed low satisfaction (p. 252);

Johnson concluded that users of private home care, when asked to contrast the advantages and disadvantages of private home care with day care centre care, showed three trends:

- they were more concerned with issues of quality than with convenience; and
- convenience factors were seen as advantages in the case of home care, and as disadvantages in centre care; and
- quality factors were more likely to be seen as disadvantages in home care and as advantages in centre care. (p. 281).

The Stevens' study, completed in 1984, may represent the most thorough survey data now available since it involved initial contact with 6,769 households, with actual interviews of 2,202 parents. Some of the findings of this study with regard to parental preferences are:

- of those parents who reported difficulty in finding child care arrangements, 23% indicated the problem was finding reliable and quality care (p. 81);
- 62% of parents who had made child care arrangements felt based on their own experience in looking for care, that there was a shortage of good quality care (p. 86);
- 83% of those who perceive there to be a shortage of care see a need for more government approved spaces; this preference was supported by 38% of those who did not see a shortage (p. 86);
- 55% of all parents feel more government approved spaces are needed (p. 86);
- parents of over 4,000 children would choose to change their child care arrangements from non-relative private sitters to licensed care (p. 84):
- reporting on their level of satisfaction with present arrangements for school age children, only 16% of parents with children in licensed care feel that sitter care offers better quality, while 37% of those using sitter care feel licensed care offers the best quality (p. 85);

. perceptions of the best quality child care arrangements vary by the age of the child. Excluding care by parents and relatives, the study showed that:

- for children under 3 years, preferences were:

37% for sitter care

21% for licensed day care home

33% for licensed day care centre

- for children 3 - 5 years of age, preferences were:

59% for licensed centre care

20% a sitter

15% a licensed day care home (pp. 52-56).

In her in-depth national sample of 336 families, Lero notes that:

. the "quality of child care arrangements was the number one concern" (p. 71). Several quality indicators were ranked as "very important; essential" by parents when they were asked to rate the importance of specific criteria when selecting a child care arrangement;

. when asked for reasons why they chose <u>not</u> to use specific non-relative or day care centre care arrangements, quality concerns were important factors for parents (pp. 43-45);

. quality issues were found to be significantly more of a basis for not using non-relative care (i.e. sitter) than there were reasons for not using day care centre care (p. 50);

- when parents did have a choice of using a particular child care centre or program, "overall program quality and specific features indicative of good quality . . . was the deciding factor". (p. 54);
- concern about quality was a reason for 20% to 27% of parents who decided not to use centre care for infants, preschoolers, and school age children (p. 50);
- when asked about their support for government action, the top two alternatives identified by parents were for increased information and referal services, and for monitoring systems for checking on caregivers. (p. 68)

There are common patterns in the findings of all three studies. Some of the conclusions about parent preferences for child care which can be made after a review of the studies of Johnson, Stevens, and Lero are that:

- parents care about the quality of the child care they use and want to use good quality arrangements, even though cost and convenience may be barriers;
- parents are concerned that they do not have access to quality care, and significant numbers express some dissatisfaction with the care arrangements they have either investigated and rejected, or which they are currently using;
- parents perceive different types of care as representing the best arrangements for different ages of children; they perceive the more individualized care by sitters, day care homes, and relatives as

best for infants, and centre care as better for older preschoolers.

The policy questions which arise from the available information on the child care needs and preferences of families relate to:

(a) how best to ensure the high quality of the non-parental care that children receive; and

(b) how best to provide funding which will ensure access to a range of child care alternatives (including child care by relatives, sitters, care in private and licensed day care homes, and care in licensed centres) which can respond to varying family needs and preferences.

These two questions will be examined in detail in the next chapter.

IV. CHILD CARE AS A SHARED RESPONSIBILITY

The question of who is responsible for providing child care is one of the questions at the focal point of the child care debate. The Manitoba Government is of the view that the provision of child care is a shared responsibility involving a three-way partnership of parents; federal, provincial and territorial governments; and providers of child care service.

Parents must have the central and active role in the decision-making on child care questions, both because it is their needs which are being met and because they maintain primary responsibility for their children's well-being.

The federal government has been and must continue to be involved in the child care partnership because of its traditional role in assisting provinces and territories in providing for a minimum national level of social services. It has done so through use of its spending authority to encourage provinces to meet emerging national priorities, as well as through the influence exercised via the income tax system. Provincial and territorial governments are responsible for child care constitutionally. They have a lead role in the setting of both the standards of care and the funding levels provided for the service.

Child care providers share the responsibility for child care because of their concern about the needs of the families and children they serve, their duty to provide quality care, and their direct responsibility for children during the hours of actual care.

The questions which need to be addressed on the matter of the responsibility for child care involve primarily the quality and the funding of the child care system Canadians wish to see in effect for families and children. This chapter of the submission reviews both quality and funding issues, including a discussion of the matter of commercial vs. non-profit sponsorship of child care since Manitoba feels that sponsorship cannot be separated from the question of quality.

1. The Question of Quality

Parents take a risk whenever they leave their young children with another caregiver for any period of time, whether it is a relative, a day care home provider, or a day care centre. They have no choice but to have faith that the care will be safe and beneficial for their children.

However, most parents leave their children for up to 10 hours a day in a setting they have not visited prior to choosing that arrangement. The 1984 Winnipeg study of child care needs reported that 70% of parents neither visited the child care option they actually chose, nor assessed other alternatives. (Stevens, p. 112). The majority of these choices were in all likelihood not well-informed ones, and there is no reason to think they are not typical. In the case of infants, the children are not capable of sophisticated feedback to their parents about what goes on during their day. The parents rely on the provider's records and, normally, on brief end-of-the-day discussions with the provider. Pre-school children may or may not provide their parents with regular, reliable and honest reactions to their long days days away from parents.

On what, then, are parents to place their faith that they have made the right decision? Although one of every four users of centre care report in more than one study that they are dissatisfied with their care, most of them will continue to use it. How many of the other 75% of parents who say they are pleased with their centre care arrangement do so on the basis of solid information? Parents have a strong need to believe that they have made the best choices for their children. This will-to-believe may lead many parents to choose to remain ignorant of the details of their children's daily routines, and cause others to deny the signs which should lead them to question whether their child's needs are actually being met.

Parents do not have guarantees that their children are in good quality care situations. They must have faith based on such indicators as a government licence and on daily contacts with the physical facility, the centre staff, or the home day care provider. Very few parents are able to make the opportunity to spend time at the day care centre or home when their child is already attending, or are able to arrive at unexpected times of the day to pick up their children in order to spot check the quality of care throughout the day.

Child care standards are therefore a necessary form of consumer protection, for both the child in care and the parents relying on the care. Standards can set out the necessary conditions for quality care to exist, but they cannot determine whether those ingredients will be sufficient, in any given instance, to ensure that quality care is provided.

What is meant by "quality care?" Quality means different things according to the context and according to differing expectations. Among child care practitioners the term "quality care" has often been synonymous with "developmental care," which is contrasted to "custodial care". The latter phrase usually means that the child's physical needs for food, warmth, basic health, and safety are addressed. "Quality" or "developmental" care refers to an environment in which the child's growing language, emotional, and intellectual needs can also be met. Those involved closely with providing child care or with child care policy most often use the term "custodial" in a negative way, and assume that any form of child care must be developmental.

In fact, there should be no disagreement that developmental or quality care is desirable. All young children are voracious learners and they will all learn from interaction with their environments, whether those settings are positive or negative. We therefore have an obligation to ensure that the right ingredients to allow for quality or developmental care are always present so that the learning that does inevitably take place is positive learning.

As noted already, ingredients for quality care will vary according to the type of child care. For example, parents and regulators will need to have different expectations of a day care home provider because of its home setting and because of the smaller number of children in care. The

results of parent surveys support this distinction, with more parents preferring home care situations for children under three years of age. Parents identify the personal characteristics of the day care provider as the most important in meeting the needs of their infant and toddler children. The more personal nature of day care home care and the smaller number of children involved means that the degree of detailed licensing standards, although not the level of monitoring, can also be reduced. Individual parents are also better able to take the lead role in monitoring the care provided in the case of care in a day care home.

Centre care is a wholly different matter. The challenge of caring for children in groups means that the dynamics of the parent/provider relationship changes to be less immediate, more institutionalized, and more diffuse since several staff are involved. The relationships between the staff providing the care and their boards of directors become important. The needs of children and the skills needed to ensure those needs are met become very different in larger groups. Parents need more help if they are to be involved in centre care since the actual child care experience that their children have each day is less accessible to their understanding and less responsive to their attempts to influence that experience.

While the role of an external regulator in the case of day care homes is weighted toward setting standards for a number of children involved and the basic personal attributes of the provider, the importance of the regulator is increased in the more complex case of centre care.

We are fortunate that research on the quality of care has progressed to the point where some identifiable, measurable indicators of quality have become known. Referring to the categorization of Dr. Allan Pence of the University of Victoria in their paper on "Day Care Quality: Its Definition and Implementation" (1985), Dr. Donna Lero and Irene Kyle indicate that day care research has progressed in four stages.[5] The first two stages date from the late 1960s, and examined ". . . whether long-term, daily separations of young children from their parents would harm the children's development or negatively affect the quality of parent child attachments." (p. 2).

As widely reported in day care literature, these studies generally indicated that there was no cause for concern about parent/child separation or children's development as a result of day care. Children from middle and upper income groups who attended day care centres showed

little or no difference from their peers who had not attended a day care centre. Children from lower income groups showed gains in intellectual achievement in their early school years, and in some studies showed reduced needs for special education intervention in secondary school. However, the studies were usually based on child care provided at universities or in acknowledged high quality programs.

The third stage identified by Pence began in 1973 to compare centre and home care arrangements to determine which was better. The fourth stage, with results first published in 1979, has started to identify the variations among different centres and among homes and has started to investigate these variations and their effects (Lero and Kyle, p. 3).

Lero and Kyle identify some areas where a further fifth generation of research will help refine the list of ingredients for quality care. These include the question of age-segregation vs. age mixing, and the importance of stability in both child care arrangements and in caregivers (Lero and Kyle, p. 15).

However, the fourth generation of research which has begun to identify and measure differences among centres and homes has produced important results to date which have found their way into legislation in several jurisdictions, including Manitoba. Three of the most relevant findings have resulted from the National Day Care Study in the United States, as

reported in Children at the Centre: Final Report of the National Day Care Study (1979), are:

- the child:staff ratio;
- the size of the group in which children are involved in activities; and
- specific child development training for the caregivers.[6]

Other research summarized by Lero and Kyle outlines other signposts which should be following in designing day care centre standards. These include:

- children in moderately structured programs demonstrate both gains in creativity and self-esteem on the one hand (which are two characteristics of child-centred programs), and cognition and achievement on the other hand (two attributes more characteristic of highly structured, adult-directed programs) (p. 13);
- centres larger than 60 children are found to be less flexible in scheduling, offer children fewer opportunities to initiate, and have staff who show less sensitivity to children's individual needs (p. 13);
- children need a large amount of space which can allow for large and small group activity as well as privacy (pp. 13-14);
- sufficient equipment which is arranged to be accessible, is in sufficient quantity, and which is age-appropriate can help children develop skills as well as self-confidence (p. 14);

. children's developmental gains have been shown to be strengthened and maintained when parents are involved in compensatory (such as the American Head Start)child care programs (p. 14)

Some valuable research on quality indicators for day care homes also allows us to extract some key points which should be addressed in the development of new child care policies and legislation. Again, as summarized by Lero and Kyle (pp. 17-19), These points are that:

. the age-mix of children in day care homes may affect quality;
. there are changes to caregiver/child interactions as number of children in a home increases.
. preservice and in-service training has strong positive effects on caregiver behaviour;
. "sponsored" day care homes (i.e. a category used to refer to homes which received ongoing support from an agency and in which Manitoba's homes could be included at a ratio of one day care coordinator for every 35 family day care homes) were found in a major American study to provide more stimulation and more supervision to children than either unlicensed or licensed homes;
. "sponsored" caregivers also spend more time with children in activities and less time on their own activities, compared to licensed and unlicensed home providers.

While some of the necessary ingredients for quality care are gradually becoming known, those who have been involved in the licensing of child

care centres and homes know quality is not something that can be legislated. The key factors can be specified in legislation, and can be monitored regularly by licensing staff, but the nature of the actual care provided depends just as much on what cannot be legislated. Such factors as: the kind and frequency of adult/child inter-action; the level of commitment of the people involved and the duration of their involvement; the interactions of parents and caregivers; the way the care providers are perceived and treated in their community at large; the degree to which the design of the physical space supports the progam; and the financial stability and sufficiency to allow the basic ingredients to be present, are all key elements in quality programs.

Sponsorship and Quality

As we have seen, the provision of quality child care needs more than legislated standards and an adequate monitoring system. It needs as well an ongoing and undivided commitment by the caregiver to providing the best possible service. It means, in the case of centre care, asking and answering the question: who is the most appropriate sponsor of the service to ensure that quality care is provided?

The Special Committee on Child Care will need to address the issues raised in the current debate over the role of the commercial day care centres. These issues relate both to the best use of public funding in the immediate future, and to the long term evolution of a mature child care system. The Special Committee has already received a thorough brief on this subject from the Daycare Resource and Research Unit (part of the Centre for Urban and Community Studies at the University of Toronto). We understand that it will also be receiving the results of the most recent research on the quality differences between commercial and non-profit day care now being completed by Dr. Sharon Lynn Kagan at Yale University. Dr. Kagan has indicated in conversation with Manitoba Child Day Care staff that her study shows no difference in the physical settings of non-profit and commercial day care centres. However, she has found differences in areas which can be measured but not regulated, such as the quality interactions between child care staff and children, with the higher quality interactions found in non-profit centres.[7] The final report of this study will be extremely important to the Special Committee as it deals with this important topic.

The Manitoba Government has a strong preference for non-profit, parent controlled day care centres. This approach is embodied in the Manitoba day care legislation, which specifies that:

. All provincially-funded day care centres must be operated by either:
  - a board of directors of at least 5, of whom 20% must be parents, with the board to be elected by a general membership which must include all parents of children attending the centre; or
  - a management committee of an umbrella non-profit organization, with the committee also to include at least 20% parent representation.
. All non-funded day care centres must provide for at least 2 parent advisors; and
. All day care centres be licensed according to the same standards, regardless of sponsorship;

Parents must be given the appropriate authority to have a real effect on the nature of the care their centre provides. Since parent responsibilities for child care do not stop when they have chosen the day care centre they will use, the design of the child care system needs to provide the means for them to exercise this ongoing responsibility. While all day care centres must meet only the minimum legislated standard, a parent board of directors has the power to exceed the minimum. They have the freedom to individualize the service to reflect their personal priorities, to strive for continuity between parental or cultural values and day care

centre values, and to ensure that the day care centre is as separate from or as integrated with their communities as they collectively wish. They can choose, for example, to hire all fully trained staff based on the belief that this training will be best for their children.

Parents can provide not only an additional daily monitoring of the care but, when problems arise, can have the means to bring about quick solutions to problems. Parents with questions about their child's care will feel more comfortable about approaching other parents on a board of directors because they are equal partners.

An acknowledged expert in child care regulation and Professor at Wheelock College in Boston, Gwen Morgan, has made an important comment on the value of parent involvement in the context of the sexual abuse situations which have recently come to light in child care centres in California, Illinois, and Texas. She notes that licensing standards cannot always protect children from extreme aberrant behaviour. "However," she adds, "there are two small licensing reforms that could be made that would have an impact here. First, licensing requirements could say that parents must be permitted to observe at any time they choose . . . . One other point we need to add to licensing requirements is providing parent access to other parents . . . . So if the day care programs were required to facilitate communication among parents that would be a helpful, regulatable sic thing that could be done through licensing." [8]

Manitoba's day care legislation includes both of the protections recommended by Morgan. The Community Child Day Care Standards Act provides as one of its three principles (in section 3) that every day care centre licensed under the Act must provide for parent involvement, as specified in the regulations. The Act also guarantees every parent access to the day care centre at any time their child is in attendance (in section 4).

And yet, even with these two guarantees in legislation, parents need the further right to have control over their children's day care services if they are truly to exercise their responsibilities. The Manitoba Government believes that the degree of quality which families and children deserve is only possible through the partnership of government and parents--the government, as the setter of standards and provider of financial assistance, and parents as the initiators and ongoing sponsors of the service. The continuous monitoring of the quality, and the responsiveness to the needs of parents and communities is not generally possible through a private or commercial operation.

There are no compelling arguments to be advanced for commercial involvement in child care. Three possible arguments which could be made in favour of commercial child care centres are:

- the rights of parents to choose a full range of service options would require commercial care to be one of those options;
- the idea that commercial operations might react more swiftly and and flexibility to meet changing needs;

. the idea that there is a greater potential for efficiency in commercial centres due to the profit motive.

Let us examine each of these possible arguments briefly.

i) Parental Right of Choice

There is at present a severe constraint on parents' freedom of choice by the limited supply of quality, affordable care. Freedom of choice is therefore not a concept which can be easily applied to either the current child care situation, or to the situation in the forseeable future.

From the earlier discussion we have seen that both parents and children are vulnerable when looking for and using child care centres. Choices are limited. Parents are often desperate to finalize their child care arrangements -- a maternity leave may be ending, or a private arrangement may suddenly have broken down. Seventy per cent of parents make arrangements for centre care without visiting any other centres, not because they want to be undiscriminating, but because the choice is severely limited. Children go on waiting lists at birth to reserve a centre place when they turn two years of age. While the majority of parents indicate that they are happy with their child care arrangements, many might also have difficulty admitting otherwise when there may be no other options available. Most parents cannot monitor their child care during the day; most have little technical or comparative information to assess

the adequacy of their arrangement; and they have limited feedback from their children.

The legitimate right of parents to choose must therefore be balanced by society's responsibility to ensure that the rights of children are also protected. Parental freedom of choice can be adequately preserved in the option to use a variety of non-profit care or care by individuals, including child care by relatives; by private sitters with a few children; by domestic care; and by licensed homes. A reasonable range of choices can be available to parents without reliance on child care for profit.

ii) Private Sector Flexibility and Responsiveness

The large unmet need for child care in most provinces for well over a decade has not been met through a rapid growth of commercial child care, either in provinces which make public funding available for commercial centres, or in the more affluent areas of the other provinces where parent subsidies are not needed.

From figures on day care centre sponsorship published in Status of Day Care in Canada (1984), the overall rate of growth in licensed spaces grew by 92% between 1976 and 1984. However, while the combined non-profit and public sectors expanded by 109% during this

period, the commercial sector grew by only 70%. The share of the total child care spaces supplied by commercial day care centres declined from 43.5% in 1976 to 38.4% in 1984 (p. 9).

During a period of extreme child care needs the commercial sector has proven to be less responsive than the combined non-profit and public sectors. Its responsiveness to meeting a demonstrated need has not been shown in recent years and cannot be relied upon in the future.

There has been an argument advanced that cost-shared subsidies should be extended to commercial centres in the short term to ease the shortage in the supply of subsidized spaces. Manitoba rejects this proposal for two reasons; firstly, additional public funding for the commercial sector in the short term implies a commitment to a continued major role for the commercial sector in the long term. Public funding would be difficult or impossible to withdraw from commercial centres at a later date. Secondly, increased cost sharing of commercial day care centre spaces now would not in practice significantly increase the number of subsidized spaces for lower income families. Provinces opposed to subsidies in commercial centres would not extend subsidies to those centres simply because cost sharing is available; provinces which now subsidize in commercial

centres without federal cost sharing would simply end up spending fewer provincial dollars, rather than expanding the supply of spaces. Federal expenditures would therefore increase greatly, without a corresponding increase in the supply of subsidized spaces.

iii) Potential for Efficiency

There are those who argue that the demands of the marketplace favour the most efficient providers of the service, and that the profit motive will encourage commercial child care operations to provide the most efficient service for the available funds.

We question whether efficiency should be the guiding factor in the child care field when efficiencies may be accomplished at the expense of the basic ingredients of quality care. Those involved in administering non-profit day care centres are suspicious of a profit being made in child care. They point to salary needs which consume 75-90% of a centre budget and say that any profit would need to be made at the expense of lower wages for child care workers. Lower salaries will mean either a higher turnover of staff as qualified staff move into positions which pay more, or retention of the more poorly qualified staff who are unable to obtain better paying jobs.

Licensing officials from several provinces informally compare experiences in licensing non-profit and commercial centres and consistently report more violations on the part of commercial centres. The commercial operators are, according to this anecdotal evidence, more inclined to cut corners, to meet the barest minimum of the legislated standards, and to attempt to circumvent the standards when inspections are unlikely to detect the breaches. For example, such practices as rotating staff from one room to another to maintain ratios during inspection visits, and not hiring substitutes to maintain the child/staff ratio when regular staff are absent have been repeatedly reported in Manitoba commercial day care centres.

Several examples of a less-than-enthusiastic commitment to licensing standards by commercial centres can be found in the Manitoba experience. The first example is in the area of the qualifications of centre directors. New standards for licensing, including staff qualifications, have been in place in Manitoba since October 1983. Directors of day care centres are required to have a minimum of two years of community college child care training, or the equivalent, by October 1988. As of March 1986, the halfway point to the new standard taking effect, the percentage of day care centre directors who had met this standard, by sponsorship of centre, are as follows:

Non-Profit Centre Directors:	47%
Commercial Centre Directors:	14%

This discrepancy means that commercial day care centre directors were either less likely to be qualified prior to the introduction of new standards in 1983, or that since 1983 they have been less successful at completing the upgrading required by 1988, or a combination of the two factors.

A second example of lower level of commitment to standards is found in the area of staff/child ratios. A ratio of 1 staff for every 8 children 2 - 6 years old has been in effect for several years and was clarified in the new licensing regulations established in 1983. To meet this ratio at all times of the day, including lunch time, staff breaks, and shift changes, a higher actual ratio of total staff is required. Available figures for the number of staff per licensed space show a difference in the number of staff in commercial centres, as follows:

Sponsorship of Centre	Number of Licensed Spaces Per Child Care Worker
Non-Profit Centres	1 staff to 4.7 spaces
Commercial Centres	1 staff to 6.4 spaces

This discrepancy means that, while commercial centres may meet the minimum standard of 1 staff to every 8 children at all times of the day, there are likely fewer extra staff to reduce the ratio at key times of the day.

A third variance in the performance of commercial centres in Manitoba is found with regard to another indicator of quality care, maximum centre size. Research from 1973 shows that quality declines as centre size exceeds 60. Most provinces have introduced a maximum centre size of between 60 and 80 spaces. Manitoba's maximum was set at 70 in 1983, with centres licensed for more than 70 prior to 1983 able to continue operating at their previous capacity. Manitoba licensing records show the following:

Sponsorship of Centre	Percentage of Centres In Excess of 70 Spaces
Non-Profit Centres	5.0%
Commercial Centres	23.0%

This difference means that commercial centres have been inclined to be larger than research has shown to be advisable in order to maximize enrollment and profit. Non-profit centres have tended to be smaller, and the non-regulable aspects of quality care, such as the frequency and nature adult/child interactions, can be expected to be higher in the non-profit category.

A fourth distinction between non-profit and commercial care to be found in Manitoba licensing information is the differing degree to which the two types of centres have been able to obtain and keep regular day care licenses rather than provisional licences. A "regular" licence indicates that all licensing standards have been met; "provisional" means that some standards remain unmet. An analysis of a full year of licensing documents for a random sample of full time non-profit and commercial day care centres shows a statistically valid variance in the issuance of provisional licenses, with commercial centres more likely to have received one or more provisional licenses.

One of the most significant differences between commercial and non-profit centres is to be found in the 1985 licensing information for two areas of regulation which relate to the quality of the program provided for children. Two quality indicators in the area of the daily program for the children are that (a) the play activity allow for a balance of activities, including both individual and small group activities; active and quiet play; cognitive, language and social activity; and a mixture of child and adult initiated activity; and (b) the space and equipment be available to permit a variety of activities, of which essential areas are specified in regulation. The following table shows the percentage of full time day care centres in each category of sponsorship which were not in compliance with these two indicators at the time of the visits of day care licensing staff:

Sponsorship of Centre	Percentage Not Providing Balanced Play Activities	Percentage Not Providing an Adequate Range of Activities
Non-Profit Centres	2.4 %	10.6 %
Commercial Centres	18.0 %	31.8 %

The evidence of a low commitment to quality care by commercial day care centre is not limited to the Manitoba licensing experience. In 1982 the commercial day care centre organization in Ontario, the Association of Day Care Operators of Ontario, opposed the new provincial standards for reducing group size and child staff ratios on the grounds that the new standards would involve additional costs and there was no data to indicate that the existing standards did not provide "safe stimulating, quality care for children".[9]

Although the results of an American survey conducted 14 years ago must be treated cautiously, its findings are instructive. It is one of the only studies of quality care which has made a distinction between non-profit and commercial care. The 1972 study was sponsored by the National Council of Jewish women in the United States and rated programs by four categories, "superior", "good", "fair" or "poor", using such indicators as staff/child ratios, size of groups, training of staff, salaries of staff, parent involvement, and impressions of space, equipment and facilities.

The survey reported that:

> Only one percent of the proprietary centres were considered "superior", 15 percent were regarded as "good". An additional thirty-five per cent were essentially custodial, providing "fair" care in the sense of meeting basic physical needs with very little, if any, by way of developmental services. Half were considered to be rendering poor care and in some cases this was found to be very bad indeed.[10]

While a large number of non-profit centres in the survey were also found to be in the "fair" and "poor" categories, the distinctions between this group and the commercial group are significant. The report indicated that nearly 10 per cent of non-profit centres were superior. More than one-quarter were "good", about half were "fair", and more than a tenth were "poor".

2. Financing Child Care in Canada

Most child care in Canada is supported in whole or part by the fees paid by the users of the care. There are two forms of assistance to families in the payment of these fees now available through federal and provincial governments. The Canada Assistance Plan (C.A.P.) provides for the federal cost sharing of provincial and territorial expenditures on behalf of lower income families "in need" or "likely to be in need". The second form of help for families who pay fees is the Child Care Expense Deduction under the personal income tax system. Families may claim as a deduction from taxable income up to $2,000 in child care expenses incurred for each child under 14 years old up to a maximum of $8,000.

While these two approaches together constitute Canada's system for the public financing of child care, they do not represent an integrated approach to helping families meet their child care expenses. In general terms, the C.A.P. approach enables support to be available to lower income families, and the Child Care Expense Deduction provides benefits primarily to middle and higher income families. However, both methods have internal disadvantages, and the two approaches are not fully compatible with each other.

The assistance available through both C.A.P. and the income tax deduction is provided on the basis of the fees paid or charged for the service. They are both therefore oriented to the families as individual users

rather than to the services which must exist to meet the needs of the individual families. The service system has thus been neglected through both approaches. Examples of this neglect are areas which cannot easily rely on parent fee support, such as the extreme shortage of suitable physical facilities in which child care centres can operate, the dearth of Canadian research and evaluation, and the limited training opportunities in child care available in community colleges and universities.

Manitoba is in favour of reform to both of these existing methods of providing public funds in support of child care expenses. Manitoba's preferred directions for this reform and specific recommendations will be presented as part of a brief review of each approach.

A. The Income Tax System of Support for Child Care

The Income Tax Act allows each family to claim a Child Care Expense Deduction of up to $2,000 for each child under the age of 14, up to a family maximum of $8,000 per year. Total claims cannot exceed two-thirds of the income of the parent filing the claim. Receipts must be retained in support of the claim. The system provides relief to families by reducing their taxable income, and therefore the actual tax they pay at the end of the tax year. It is worth nothing to some lower income families (who may have high child child care expenses) and has a maximum benefit of approximately $1,200 for a single income earner with an income of more than $80,000 per year (based on rates in effect for Manitoba for 1986).

The cost to governments of this deduction nationally is estimated at $115 million for 1984-85 for the federal government, and an additional total of $82 million for the provinces and territories.

While this provision of the income tax system provides a benefit for working parents with child care expenses, it also involves some considerable draw-backs. A primary difficulty is the cash-flow problem created by the tie-in with the income tax year. Families of course need to make payments for their child care expenses throughout the year but are only able to claim the Deduction at tax time once a year and this is in the year subsequent to when the expenses were incurred. This discrepancy is particularly difficult for lower income families.

A second major problem is the number of families actually helped by this approach. It has been estimated that this Deduction is claimed by less than half of families with children receiving care. This low rate indicates that there are structural problems with this approach to financing child care expenses. A major difficulty is acknowledged to be the failure of many private child care providers to give receipts for child care expenses, since they do not wish to claim the income themselves and pay income tax on it.

A third area of difficulty with the Child Care Expense Deduction is that the benefits of this Deduction are mostly available to middle

and higher-income families. The marginal tax rates faced by lower-income families simply do not allow these families to receive a significant benefit from the Deduction. At the average income of a two-earner family of $43,000, a Deduction of $2,000 would be worth a maximum of about $600, which is far less than the cost of full time care.

While subsidized day care is theoretically available to benefit lower-income families and could offset the low value of the Child Care Expense Deduction, the shortage of day care spaces for which a subsidy can be utilized means that many lower-income families both do not have access to this type of child care space.

Manitoba has consistently promoted a reform of the Canadian income tax system in ways which would close the many loopholes for wealthy Canadians and which would reduce the regressive nature of some of the income tax provisions. Specifically with regard to child care expenses, the Manitoba Government would prefer to see the Deduction replaced by a method of recognizing child care costs as a legitimate family expense, in a manner which relates to both expenses and income. A child care tax credit, for example, could assure that tax dollars are spent progressively rather than regressively. A credit related to expenses (up to a ceiling) but not income would also be preferable to an expanded deduction.

Manitoba is also in favour of further integration in the approaches of the tax and the subsidy (i.e. C.A.P.) systems to helping families with child care expenses. Both the direct support to families through subsidies, and the indirect tax support must be considered together in evaluating new proposals. Any new approach should avoid excessive combined marginal tax and benefit reduction rates.

Manitoba would also welcome the introduction of a simplified method of calculating net income for provincially licensed day care home providers. The recent Revenue Canada booklet, "Babysitting As a Business" (1986) appears to create enormous difficulties for some day care home providers by requiring them to calculate their income tax on the same basis as all other self-employed individuals who work out of their homes. The same principles do not apply in a day care home setting where all areas of the home are used to provide care for part of the day, and where it is extremely difficult to separate home and "business" expenses.

B. The Cost Sharing System

The intent of the funding available through the Canada Assistance Plan is to assist with the cost of eligible services for persons in need or their dependents. The availability of C.A.P. cost sharing for a day care subsidy is determined by a person's financial need which is demonstrated through either a needs test or an incomes test. C.A.P. is therefore able to assist access by lower-income families to services by cost sharing provincial payments to child care providers which are made on behalf of eligible families.

Child care costs to the federal government under C.A.P. were approximately $90 million for 1984-85. Since C.A.P. cost sharing is a maximum of 50 per cent, and several provinces receive less than 50 per cent due to individual provincial departures from the cost sharing guidelines, net provincial and territorial expenditures would have exceeded $90 million for 1984-85.

The C.A.P. provisions which relate to day care allow for the sharing of costs on behalf of families "in need" as an item of "assistance", in which case the family must qualify on the basis of a "needs test". This test determines eligibility on the basis of family income and expenses under which a family's income must be found to be not sufficient to pay for the cost of a service. Of the two mechanisms under C.A.P., the needs test is a more welfare-oriented approach to service. It is used exclusivley in some provinces to determine family eligibility for child care subsidy.

The second C.A.P. category used for day care subsidization is the "welfare services" provisions under which families who are "likely to be in need" are able to qualify under an "incomes test". This second type of test looks only at family income according to a formula based on Old Age Security/Guaranteed Income Supplement levels. Until 1982, cost sharing guidelines also required that families demonstrate a "social need" for requiring child care before they could qualify under the "likelihood of need" concept. These

social need provisions mean that a subsidy was only available if families qualified on the basis of income, and were working, looking for work, in an education or training program, or had a medical, rehabilitative or special need.

Another restriction of C.A.P. cost sharing is that direct provincial and territorial grants to organizations such as day care centres are only shareable by the federal government if they are paid on behalf of subsidized families. In a province such as Manitoba where approximately 55 per cent of day care centre users are subsidized, only 55 per cent of direct grants are cost shared at 50 per cent. Manitoba therefore would receive only 27.5 per cent reimbursement for these costs from the federal government, rather than a full 50 per cent.

An important distinction in the two cost sharing mechanisms under C.A.P. is that subsidies paid under the needs test provisions are shareable whether paid to non-profit or commercial day care operations. In contrast, subsidies determined according to the simpler and less intrusive incomes test are only shareable if paid on behalf of families using care provided by non-profit agencies or by provincial or municipal governments.

While there is not any current comprehensive data available on provincial needs or incomes tests, no province is using the maximum

levels permitted under the current C.A.P. incomes test guidelines. It is therefore possible within the cost-sharing system for a more generous approach to the subsidization of families in day care if provinces were willing or able to increase the income levels in their incomes tests and face higher provincial expenditures in the form of fifty-cent dollars. However, one reason why the full latitude available under the most recent C.A.P. Guidelines for an incomes test are not being used is that several provinces do not have the financial resources to implement a more generous incomes test than they now have in place.

Manitoba's position is that C.A.P. has outlived its usefulness in the child care field. Rather than further modifying C.A.P. guidelines in an area of service which has changed enormously in the 20 years since the Canada Assistance Plan came into effect, Manitoba proposes that it be replaced by new federal cost sharing legislation which would meet the child care and family support service needs of the late 1980s and future years. The details of this proposal are the subject of the last section of this submission.

V. ACCESS TO CARE: PROPOSALS FOR ACTION

The perspective of the Manitoba Government on the need for action on child care and on the priorities for this action are clear from the preceding sections of this submission. The three principles which have guided the development of a child day care program in Manitoba since its inception in 1974 continue to be the framework for future development. These three principles are:

1. Quality comes first;
2. Child Care is a support to families and therefore must be operated in their best interests. This can be achieved most effectively by non-profit, cooperative organizations composed mainly of parents themselves;
3. Child care costs must not be borne exclusively by parents who use it.

The Manitoba Government believes that a child care system built upon these three principles can best serve the needs of all Canadian families. The development of the Manitoba approach, which has been accomplished with less than 50 per cent federal cost-sharing under the Canada Assistance Plan, can be a model for the expansion of an accessible, affordable, quality system of child care across Canada.

The three principles outlined here have been the basis for the development of a draft national child care act which was forwarded to the Minister of National Health and Welfare when the Special Committee on Child Care was first announced. The Minister indicated he would be referring this draft Act to the Committee for its review. Manitoba's proposals for federal action were summarized in this Act, and will be explained in further detail in this section. The draft Act, entitled the "Canada Day Care and Family Support Services Act", is attached as an Appendix.

1. The Purpose of the Act

Child care has emerged as an issue of such importance in the 1970s and 1980s that it needs to be addressed in a single statute. It is no longer appropriate for it to be one of a number of social services which are cost-shared under the general framework of the Canada Asistance Plan (C.A.P.). The C.A.P. cost sharing mechanism has never been fully appropriate for child care and has needed to be adapted on several occasions since it came into effect in the mid-1960s. While the existence of federal cost sharing has been important for individual provinces in the development and continuing expansion of child care programs, the strictures of the C.A.P. cost-sharing guidelines have constrained many provinces in the development of stable and comprehensive child care networks. More importantly, C.A.P. establishes an entirely passive role for the government of Canada. Rather than the government of Canada providing leadership in developing, through incentives to the provinces, a high quality, accessible system of child care across all of Canada, the

the government of Canada merely pays fifty cent dollars in response to provincial initiatives.

The purpose of the proposed "Canada Day Care and Family Support Services Act" is therefore to be enabling legislation which would permit the continuation of federal cost-sharing through a mechanism more suited to the needs of a service system, rather than in the more welfare-oriented approach of support for families who meet a narrow definition of need, and which would see the government of Canada actively encourage the systematic improvement of child care for the whole country.

2. The Scope of the Act

Manitoba proposes that the new federal child care legislation be broad enough to meet the child care needs of families for non-parental care, the needs of parents at home with young children for assistance in raising their children, the funding needs of a service system, the development of the physical facilities for a child care system, and the need for further research and evaluation of our developing child care system.

The inclusion of cost-sharing for support services to families in the proposed legislation is to reflect the related needs of many families where one parent or the sole parent are at home. With the majority of Canadian mothers of young children in the labour force, there is a risk that the parent who chooses to remain at home will be overlooked as governments move to meet the child care needs of families in need of

non-parental care. Manitoba's draft National Act therefore provides for the cost-sharing of a range of family support services in recognition of the need on the part of a large number of Canadian families for support in the home. These services could include such services as respite care, nursery schools, parent resource centres and support groups, home visitors and parent aides, and toy lending services, other than services now or potentially provided under child welfare legislation.

3. Cost-Sharing Criteria

Manitoba proposes that federal cost-sharing be limited to provinces and territories which satisfy several criteria in provincial law. The conditions are necessary to ensure that limited public funds are used in the most efficient manner to promote the development of a nationally accessible, affordable quality system of child care. The system should be reasonably consistent nationally and, as with Medicare, allow Canadians to move between provinces and be entitled to similar services. The criteria and the rationale for them are as follows:

A. Public Administration:

Child care and family support services under the new Act would need to be provided on a non-profit basis in order for the province or territory to be eligible for federal cost sharing. Services must be provided directly by provincial, territorial, or municipal governments, or by non-profit organizations and agencies authorized

by provincial legislation. This principle is included primarily to ensure that either parent involvement and control, or public accountability to the parent users of the service is assurred.

As noted from the discussion in Chapter III of this submission, there are sufficient grounds to suspect the ability of a commercial child care operation to achieve quality care at a reasonable expense to warrant public funding not being encouraged through federal cost-sharing.

B. Program Quality

Parents and children have the right to be assured that every effort is made to see that child care services are of such quality that they will enhance children's development. There is sufficient research evidence to support the inclusion of key factors which promote quality care in provincial licensing standards. While the proposed federal statute would not interfere with the provincial constitutional authority to set the actual standards which would be in place, it would limit cost sharing to those provinces which have established minimum standards in their provincial legislation.

C. Accessibility

A major question in the current child care debate is the availability of a sufficient quantity and variety of licensed and subsidized child care. While there continues to be further work required in order to define the extent of the additional services required, there is enough

evidence to support the doubling of services for the preschool age group. The proposed national child care Act would therefore require, as a condition of continued cost sharing, that each province or territory establish a reasonable plan for meeting 50 per cent of the documented needs within 10 years.

D. Limits on Parent Fees

The Manitoba Government believes that parent fees have a place in the development of a national child care system. However, the cost of a quality service is too high for that service to be supported entirely by parent fees. There needs to be a limit on the fee which parents can be expected to pay, regardless of income, and a system of incomes tested subsidies (such as is now cost shared under C.A.P.) for lower income families who cannot afford the daily fee. Manitoba has proposed for discussion purposes in the draft Act that the maximum daily fee be no more than one-and-one-half times the average hourly industrial wage in each province. This figure would establish the maximum fee within the current range of fees now being charged in most provinces, and require that increased costs to the service would be met through direct grants to support the service. These grants would be fully eligible for federal cost sharing.

E. Appeal Mechanism

Manitoba proposes that new child care cost-sharing legislation also require provincial appeal boards to be established for the service, as is now provided for in C.A.P., for the protection of users of the service. Decisions on subsidy determination and licensing would be

subject to appeal to an independent board.

F. Residence

As in the health care area and as appropriate for a service supported in part by the government of Canada, a period of residence in a province should not be a criteria for access to child care services.

3. The Cost-Sharing Formula

The present maximum cost sharing of 50 per cent of eligible costs under C.A.P. does not allow for equality of services across Canada. There is a variation in range, quality, and cost of service between provinces which has the effect of producing a discriminatory situation for families primarily, but not entirely, in the poorer provinces.

Manitoba's proposed national child care Act therefore includes provision for a variable cost sharing formula which would require greater federal cost sharing for those provinces which would otherwise be less able to match the federal funding available through the new Act.

The formula would require a minimum of 50 per cent cost sharing for any province, if the cost sharing criteria of the new Act were met. However, it would require greater than 50 per cent cost sharing for poor provinces based on a ratio of the per capita national product divided by the per capita provincial product, times 50 per cent of all eligible provincial or municipal child care expenditures, up to a maximum of a 90 per cent federal share. Approximate figures developed to illustrate the effect of

this formula show that the following cost sharing percentages would apply if all provinces met the cost-sharing criteria of the Act.

Province	Federal Share	Provincial Share
B.C.	51 %	49 %
Alberta	50	50
Saskatchewan	50	50
Manitoba	54	46
Ontario	50	50
Quebec	59	41
New Brunswick	75	25
Nova Scotia	72.5	27.5
Prince Edward Island	83	17
Newfoundland	88	12

4. Capital Development

The initial capital cost of child care facilities is not now very easily shared by the federal government under C.A.P. Some cost sharing of the mortgage costs for a facility is available only on a complex formula which takes into account the number of users of the service at that site who qualify for a subsidy under an approved needs or incomes text. This approach is not sufficient to foster the development of a major expansion in the facilities required for a national child care system. Apart from

the inadequacy of much of the "found" space now used by child care centres, such as church basements, community halls, and commercial space, there is not enough of this space to support the required expansion of service.

Manitoba therefore proposes that a " Canada Day Care Resource Development Fund" be established, similar to the Health Resources Fund in the early years of Hospital Insurance. This fund would ensure that the initial capital needs of the developing system would be met over the first 10 year period.

Manitoba proposes that this be a federal fund, that it be set at a total level of $20 per capita for each province over the ten year period for a total national fund of approximately $500 million, and that each province be able to access its share of the fund over any time during the 10 year period, if it establishes a program meeting the standards of the Act.

While this fund might not meet all capital needs of a rapidly expanding system, and so would have to be supplemented by provincial and other funds, it would provide a powerful incentive in every province to establish a plan within ten years and would see the physical infrastructure for child care in place across Canada.

5. Research and Evaluation

As noted throughout this submission and in much of the current day care literature, child care is a new field in which there are major gaps in our knowledge of the needs and the best way to meet those needs. While some existing research on quality indicators can serve as a guide in launching a more comprehensive system, our knowledge needs to be expanded about how best to foster quality care. Canadian academics have only recently turned their attention to Canadian day care research, and the funds to support that research have not been easily obtained.

Manitoba's draft National Act proposes to establish a second fund, to be known as the "Canada Day Care and Family Support Services Research and Evaluation Fund". This fund would be structured in a similar way to the first "Resources Development Fund" in that it would be a federal fund, be established at a level of $2 per capita or approximately $50 million nationally, and be available to fund research over a 10 year period. In this case, however, individuals and community groups as well as provinces could apply directly to the fund and receive support from the federal research fund for their projects. This would be much the same as current federal research grant programs.

6. Other Provisions

Manitoba's proposed Act concludes with further provisions for enacting legislation acceptable to both orders of government, including:

- the establishment of a national and provincial advisory committees;
- the right of the Government of Canada for recognition of federal financial contributions, and for access to provincial information; and
- a joint federal-provincial review of the legislation after three years to ensure that the new cost sharing framework continues to function as intended.

VI. CONCLUSION

The current child care needs of Canadian families and children have created a major challenge for federal, provincial, and territorial governments. These child care needs are the result of many complex social forces which in some ways have been the cause of changes in Canadian family life, and in other ways have been the result of changing family styles, composition, and incomes. While the causes and effects of the present child care needs may be debated, such a discussion does not change the realities to which governments must respond.

Individual families cannot be left at the mercy of the large scale forces of social change around them. This has not been the case in Canadian social history. Canadians have a tradition of helping families meet the health, education, and social services needs of family members. Our social service network has developed throughout the twentieth century to help families cope with the reduced possibility of extended families and small integrated communities providing all the necessary supports to families on their own.

Canadians have responded to the challenge of each new wave of social service needs in turn. Responses have usually followed periods of unrest during which the new needs have become increasingly accepted, the priorities clarified, and the necessary consensus for response achieved. We are at the end of the "clarification" phase for the issue of child care in Canada. The challenge we now share is to recognize the realities that are here to stay, and to plan for wise solutions to the needs so clearly identified.

The government of Manitoba has proposed that a new and separate federal day care cost sharing statute be enacted. This proposal has been made because the work in which federal, provincial, and territorial govrnments must share is urgent and requires a new framework in order to be undertaken with the necessary speed and scope. The present cost sharing arrangements under the Canada Assistance Plan, created largely in the 1960s on a welfare orientation, are not an adequate foundation on which to develop a system of affordable, accessible, quality child care. While there are areas where further work needs to be carried out, including refinements to the definition of the eventual maximum need for child care services, the need for this further work must not delay an early start to addressing the current needs. The gathering of more information and the finalizing of estimates of the final scale of Canada's child care system must be one of the first tasks supported by the research and evaluation fund proposed in Manitoba's "Canada Day Care and Family Support Services Act".

The initial twenty year period of development of child care in Canada under the Canada Assistance Plan, from 1966 to 1986, must be seen as a period of exploring and learning about the best principles upon which to guide the next stage of development to the full child care system which Canada's families need.

As outlined throughout this submission, the government of Manitoba formulates these principles as:

- Child care is an essential service in support of families and children;
- Quality care must be a primary goal;
- Child care services must be a partnership of parents, governments, and caregivers in which parents continue to pay a portion of the costs;
- As in other health, education, and social service fields, profit-making has no place in the future of Canadian child care; and
- Parent involvement and control is a key factor in preserving a system of child care which both provides quality care and is in support of families.

Based on these principles, the government of Manitoba is confident that the challenge of providing a full system of child care which meets the needs of Canadian families and children for accessible, affordable, quality care can be successfully met in the next ten years.

NOTES

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APPENDIX I

Towards a National Day Care Program:
The Canada Day Care and Family
Support Services Act

THE CANADA DAY CARE AND FAMILY SUPPORT SERVICES ACT

1. GENERAL PRINCIPLES

WHEREAS the Parliament of Canada acknowledges that families are the essential component in the social fabric of Canadian society;

AND WHEREAS many Canadian parents require community services to assist in maintaining and strengthenng their families;

AND WHEREAS Canadian parents of young children are increasingly exercising the opportunity to continue their employment or education while their children are young;

AND WHEREAS day care has become an important support service for Canadian families to assist parents in providing for the well-being, health, and developmental needs of their young children;

AND WHEREAS many Canadian families also require support services to ensure that their children have equal access to developmental opportunities both within and outside of the family unit;

AND WHEREAS the Parliament of Canada wishes to encourage provinces to develop sufficient, high quality day care and family services;

Now, therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts an Act relating to contributions by Canada in respect of day care and family support services provided under provincial statutes, as follows:

2. DEFINITIONS

"Day care" means any service provided by a provincial government, municipal government, or authorized agency, such as a parent co-operative or non-profit community group, as specified in this Act and regulation which provides care and supervision for children apart from their parents, but does not include education, child welfare, or health care services provided under provincial law.

"Family support service" means any service which is provided by a provincial government, municipal government, or authorized agency as specified in this Act and regulations, to families with children with the intent of supporting the ability of families to provide for the developmental and social needs of their children, and may include respite care, nursery schools, parent support

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groups, home visitors and homemakers, toy lending services, or other similar services, but not including education, child welfare, or health care services as provided for under provincial law.

3. PURPOSE OF THE ACT

The purpose of this Act is to encourage the development of day care and family support services and to establish the criteria and conditions that must be met before contributions from Canada may be made in respect of day care services and family support services provided under provincial law. The Governor in Council has the authority to enter into specific cost sharing agreements with provinces under the terms and criteria specified in this Act.

4. PROGRAM CRITERIA

In order for a province to qualify for Federal cost-sharing of a day care service or a family support service provided under provincial law, the service must satisfy the following criteria:

a) Public Administration: Day care services and family support services must be administered and operated on a non-profit basis by the provincial government, by a municipal government, or an authorized agency in a manner consistent with the principles established in section 1 of this Act.

b) Program Quality: Minimum standards for the licensing of any day care services or family support service must be established by the provincial government in statute or regulation which are consistent with the current research and knowledge of the most reasonable and appropriate level of services for children; and where applicable to the services provided, including standards for the minimum number of staff, the qualifications of those staff, and the maximum group sizes for children in child care, and which meet or exceed the minimum standards specified in the regulations of this Act.

c) Accessibility: Each province must establish a plan for the reasonable provision of day care services to the residents of the province which within 10 years is equal to at least 50% of the children of parents who are out of the home for education, employment, medical or rehabilitative needs, and which also provides for family support services with reasonable accessibility for any family requesting these services.

d) Limits on User Fees: Each province must limit the amount of per diem fee charged to users of day care or family support services to a maximum of one and a half times the average hourly industrial wage in that province, and make provision for the subsidization of this fee on behalf of families with low incomes so that there will be no fee for any family with less than one-half the average industrial wage as established in the regulations under this Act.

e) Appeals: The province must establish and maintain an effective procedure for appeals from decisions of provincially authorized agencies by persons directly affected by these decisions with respect to the granting or providing for day care or family support services, subsidies or the quality of these services.

f) Residence: The province must not require a period of residence in the province as a condition of eligibility for day care or family support services.

5. CASH CONTRIBUTIONS FROM CANADA

Provinces which establish and adminster services which are within the criteria outlined in section 4 will be reimbursed the greater of:

a) 50% of provincial or municipal expenditures for all day care or family support services which meet the criteria in section 4; OR

b) a ratio of the per capita national product divided by the per capita provincial product, as determined by the Minister of Health & Welfare, times 50% of provincial or municipal expenditures for all day care and family support services which meet the criteria in section 4, but in no case exceeding 90%.

6. CANADA DAY CARE RESOURCES DEVELOPMENT FUND

A Canada day care resources development fund is hereby established. A total of $20 per capita is allocated by the fund in each province for capital costs of developing, renovating or otherwise ensuring the availability of high quality, accessible day care facilities. The fund is to be used over the ten year period following proclamation of this Act.

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7. **CANADA DAY CARE AND FAMILY SERVICES RESEARCH AND EVALUATION FUNDS**

A Canada day care and family services research and evaluation fund is hereby established. A total of $2 per capita in each province is allocated by the fund for research and evaluation of day care and family services and related areas. The fund is to be used over the ten year period following proclamation of this Act.

8. **ADVISORY COUNCILS**

There shall be a National Advisory Council and provincial advisory councils which shall provide advice to ministers on general issues affecting day care and family support services, including standards, professional issues, funding, and such other issues that may from time to time arise.

9. **CONDITIONS FOR CONTRIBUTIONS**

To receive the contributions authorized by this Act, the government of a province must provide the Government of Canada with such information as it may reasonably request, and must give appropriate recognition to the contributions made by Canada to the services administered by the province.

10. **FEDERAL-PROVINCIAL REVIEW**

During the third calendar year following the proclamation of this Act, the Act shall be reviewed jointly by the Government of Canada and the governments of the provinces which are receiving contributions pursuant to section 5.

11. **REPEAL**

Sections of the Canada Assistance Plan which now permit the limited cost sharing of day care and family support services are repealed upon the proclamation of this Act.

12. **EFFECTIVE DATE**

This Act shall take effect January 1, 1986.